

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report  
Tax-Exempt Bond Project  
April 28, 2021**

Hecker Pass Apartments, located at 1520 Hecker Pass Highway in Gilroy, requested and is being recommended for a reservation of \$1,470,942 in annual federal tax credits to finance the new construction of 99 units of housing serving large families with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by JEMCOR Development Partners, LLC and will be located in Senate District 30 and Assembly District 17.

**Project Number** CA-21-512

**Project Name** Hecker Pass Apartments  
**Site Address:** 1520 Hecker Pass Highway  
Gilroy, CA 95020 County: Santa Clara  
**Census Tract:** 5125.10

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,470,942	\$0
Recommended:	\$1,470,942	\$0

**Applicant Information**

**Applicant:** JEMCOR Development Partners, LLC  
**Contact:** Jonathan Emami  
**Address:** 1700 South El Camino Real, Suite 400  
San Mateo, CA 94402  
**Phone:** 415-941-5832  
**Email:** jemami@jemcorparkers.com

**General Partner(s) or Principal Owner(s):** JEMCOR  
Pacific Housing, Inc.  
**General Partner Type:** Joint Venture  
**Parent Company:** JEMCOR  
Pacific Housing, Inc.  
**Developer:** JEMCOR Development Partners, LLC  
**Investor/Consultant:** Boston Financial  
**Management Agent:** FPI Management

**Project Information**

**Construction Type:** New Construction  
**Total # Residential Buildings:** 5  
**Total # of Units:** 100  
**No. / % of Low Income Units:** 99 100.00%  
**Federal Set-Aside Elected:** 40%/60%  
**Federal Subsidy:** Tax-Exempt

**Bond Information**

Issuer: California Municipal Finance Authority  
 Expected Date of Issuance: September 1, 2021

**Information**

Housing Type: Large Family  
 Geographic Area: South and West Bay Region  
 TCAC Project Analyst: Sarah Gullikson

**55-Year Use / Affordability**

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI: 10	10%
50% AMI: 10	10%
60% AMI: 79	80%

**Unit Mix**

55 2-Bedroom Units
45 3-Bedroom Units
<u>100 Total Units</u>

<u>Unit Type &amp; Number</u>	<u>2020 Rents Targeted % of Area Median Income</u>	<u>2020 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
4 2 Bedrooms	50%	50%	\$1,777
36 2 Bedrooms	60%	59%	\$2,087
1 2 Bedrooms	50%	50%	\$1,777
8 2 Bedrooms	60%	59%	\$2,087
3 3 Bedrooms	50%	50%	\$2,053
19 3 Bedrooms	60%	60%	\$2,463
2 3 Bedrooms	50%	50%	\$2,053
16 3 Bedrooms	60%	60%	\$2,463
4 2 Bedrooms	30%	30%	\$1,066
1 2 Bedrooms	30%	30%	\$1,066
3 3 Bedrooms	30%	30%	\$1,231
2 3 Bedrooms	30%	30%	\$1,231
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$5,000,000
Construction Costs	\$25,172,034
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$1,234,371
Soft Cost Contingency	\$253,597
Relocation	\$0
Architectural/Engineering	\$1,558,525
Const. Interest, Perm. Financing	\$3,835,937
Legal Fees	\$355,000
Reserves	\$1,127,063
Other Costs	\$4,982,389
Developer Fee	\$5,336,022
Commercial Costs	\$0
<b>Total</b>	<b>\$48,854,938</b>

**Residential**

Construction Cost Per Square Foot:	\$263
Per Unit Cost:	\$488,549
True Cash Per Unit Cost*:	\$458,968

<b>Construction Financing</b>		<b>Permanent Financing</b>	
Source	Amount	Source	Amount
Align Finance - Tax Exempt	\$25,000,000	Align Finance Tax Exempt	\$32,300,000
Align Finance	\$9,000,000	Deferred Developer Fee	\$2,958,126
Lease Up Income	\$358,333	Lease Up Income	\$358,333
Deferred Reserve Funding	\$1,127,064	Tax Credit Equity	\$13,238,479
Deferred Developer Fee	\$4,147,074		
Tax Credit Equity	\$9,222,467	<b>TOTAL</b>	<b>\$48,854,938</b>

\*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$40,909,503
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$40,909,503
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$1,470,942
Approved Developer Fee (in Project Cost & Eligible Basis):	\$5,336,022
Investor/Consultant:	Boston Financial
Federal Tax Credit Factor:	\$0.90000

Except as allowed for projects basing cost on assumed third party debt, the “as if vacant” land value and the existing improvement value established at application for all projects, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

**Eligible Basis and Basis Limit**

Requested Unadjusted Eligible Basis:	\$40,909,503
Actual Eligible Basis:	\$40,909,503
Unadjusted Threshold Basis Limit:	\$68,911,200
Total Adjusted Threshold Basis Limit:	\$89,584,560

**Adjustments to Basis Limit**

Income Targeted between 50% AMI & 36% AMI:	10%
Income Targeted at 35% AMI or Below:	20%

**Cost Analysis and Line Item Review**

Staff analysis of project costs to determine reasonableness found all fees to be within TCAC’s underwriting guidelines and TCAC limitations. Annual operating expenses meet or exceed the minimum operating expenses established in the Regulations, and the project pro forma shows a positive cash flow from year one. Staff has calculated federal tax credits based on 4.00% of the qualified basis. Applicants are cautioned to consider the expected federal rate when negotiating with investors. TCAC's financial evaluation at project completion will determine the final allocation.

**Significant Information / Additional Conditions:** None.

**Resyndication and Resyndication Transfer Event:** None.

**Standard Conditions**

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee’s next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a reservation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

**CDLAC Additional Conditions**

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the TCAC placed in service review, TCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.